



*STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS*  
**DEPARTMENT OF REVENUE**

**State of Rhode Island Budget-to-Actual Revenue Report  
Year-to-Date FY 2009 through March 2009**

Beginning in September 2008, the Rhode Island Department of Revenue (RI DOR) will publish a Budget-to-Actual Revenue report. This report compares revenue collections on a fiscal year-to-date basis to the Office of Revenue Analysis' fiscal year-to-date estimate of revenue collections based on the FY 2009 revenue estimate. It should be noted that the FY 2009 revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.

*The purpose of the Budget-to-Actual Report is to give readers a sense of how the state's revenue collections compare to those that might be expected if the official revenue estimate was being met in a predictable way. Caution should be exercised when interpreting this report as actual collections may vary significantly from past collection patterns.*

**Fiscal Year-to-Date Estimate of Revised FY 2009 Revenues**

In order to determine the expected year-to-date revenue collections based on the revised FY 2009 revenue estimate adopted at the November 2008 Revenue Estimating Conference (REC), the Office of Revenue Analysis first determines the average percentage of total collections for the past five fiscal years that occurred in a given month. For Inheritance and Gift taxes the past ten fiscal years are used. In the case of Other Miscellaneous Revenues and the Unclaimed Property transfer, the actual year-to-date collections are used due to the discrete and unpredictable nature of the timing of these receipts. These percentages are then applied to the revised FY 2009 revenue estimate for each revenue item.

Thus, for example, the revised revenue estimate for Insurance Companies Gross Premiums taxes for FY 2009 is \$77,000,000. The average percentage of total Insurance Companies Gross Premiums taxes that were collected through March over the past five fiscal years is approximately 47.2 percent (Insurance Companies Gross Premiums tax payments are made in March and June of the fiscal year, with 40.0 percent of the estimated calendar year tax liability paid in March and 60.0 percent of the same paid in June. In addition, final payments for the prior calendar year tax liability are due on March 1 of the fiscal year.). This percentage applied to the FY 2009 revised estimate for Insurance Companies Gross Premiums taxes yields the Year-To-Date March Estimate of Revised FY 2009 Insurance Companies Gross Premiums

taxes of \$36.4 million. This process is repeated for all revised revenue items except as noted above.

The table below provides the rounded five year average percentages for year-to-date collections through March:

<b>Revenue Item</b>	<b>Percent of Total Collected through Fiscal YTD</b>	<b>Revenue Item</b>	<b>Percent of Total Collected through Fiscal YTD</b>
Personal Income Tax		Sales and Use Tax	75.3 %
Estimated	65.9 %	Motor Vehicle	67.4 %
Final	21.6 %	Motor Fuel	68.1 %
Withholding	75.9 %	Cigarettes	74.9 %
Refunds	60.6 %	Alcohol	73.2 %
Business Corporations	63.2 %	Inheritance & Gift	73.9 %
Public Utilities Gross Earnings	44.3 %	Racing & Athletics	74.9 %
Financial Institutions	46.6 %	Realty Transfer	76.4 %
Insurance Companies	47.2 %	Dept. Revenues	66.7 %
Bank Deposits	35.4 %	Gas Tax Transfer	75.4 %
Health Care Provider Assessment	73.2 %	Lottery	64.8 %

The revised FY 2009 revenue estimates adopted at the November 2008 REC by revenue item are as follows:

<b>Revenue Item</b>	<b>Enacted FY 2009 Estimate</b>	<b>Revenue Item</b>	<b>Enacted FY 2009 Estimate</b>
Personal Income Tax		Sales and Use Tax	\$831,000,000
Estimated	\$194,000,000	Motor Vehicle	48,000,000
Final	225,000,000	Motor Fuel	930,000
Withholding	901,500,000	Cigarettes	119,600,000
Refunds	(309,100,000)	Alcohol	11,100,000
Business Corporations	108,000,000	Inheritance & Gift	28,000,000
Public Utilities Gross Earnings	104,500,000	Racing & Athletics	2,500,000
Financial Institutions	2,000,000	Realty Transfer	7,800,000
Insurance Companies	77,000,000	Dept. Revenues	331,500,000
Bank Deposits	1,700,000	Gas Tax Transfer	4,475,000
Health Care Provider Assessment	49,000,000	Lottery	349,100,000

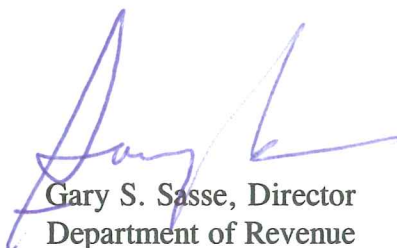
The revised FY 2009 estimate for Other Miscellaneous Revenues is \$16,597,040 and for the Unclaimed Property transfer it is \$9,300,000.

### **Results for the First Nine Months of FY 2009**

The attached table gives the results for the first nine months of FY 2009. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date March cash collections for Total General Revenues are less than expected cash collections based on the revised FY 2009 revenue estimates by \$(10.5) million, or -0.5 percent. In Total Taxes, the variance from revised expected collections is \$12.7 million, or 0.8 percent. For Taxes and Departmental Receipts, the difference from revised expected collections is \$(5.3) million or -0.3 percent. For Other General Revenue Sources, YTD March adjusted cash collections trail the revised estimate by -2.2 percent, or \$(5.2) million.

Within taxes, Public Utilities Gross Earnings tax payments have the largest difference between expected revised collections and adjusted cash collections, with a variance of \$9.7 million, or 21.0 percent, followed by Personal Income tax receipts, with a variance of \$9.1 million, or 1.4 percent. It should be noted that year-to-date adjusted cash Personal Income Tax collections include \$38.6 million of reimbursed Historic Structures Tax Credits. Business Corporations tax payments exceed expected revised collections by \$5.1 million or 7.5 percent. Year-to-Date adjusted cash collections for Business Corporations taxes of \$73.3 million include \$357,961 of reimbursed Historic Structures Tax Credits. Financial Institutions taxes exceed expected revised collections by \$1.9 million. It should be noted that year-to-date adjusted cash Financial Institutions collections include \$3.0 million of reimbursed Historic Structures Tax Credits.

On the negative side, Insurance Companies Gross Premiums taxes are \$(7.4) million below the expected revised collections, or -20.5 percent. It should be noted that year-to-date adjusted cash Insurance Companies Gross Premiums collections include \$3.4 million of reimbursed Historic Structures Tax Credits. Sales and Use taxes are below expected revised collections by \$(3.5) million, or -0.6 percent. Motor vehicle licenses and fees differ from expected revised collections by \$(2.3) million or -7.0 percent. Year-to-date adjusted Departmental Receipts cash collections trail revised expected collections by \$(17.9) million, or -8.2 percent while the variance for the Lottery Transfer is \$(5.2) million less than the expected revised transfer, or -2.3 percent below expectations.



Gary S. Sasse, Director  
Department of Revenue

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# STATE OF RHODE ISLAND

## Year-to-Date Budget to Actual

	YTD March Estimate of FY 2009	YTD March Adjusted Cash FY 2009		Difference	Variance
<b>Personal Income Tax</b>	\$ 673,076,541	\$ 682,158,323 ***	\$	9,081,782	1.3%
<b>General Business Taxes</b>					
Business Corporations	68,231,565	73,317,323 ***		5,085,758	7.5%
Public Utilities Gross Earnings	46,246,124	55,980,750		9,734,626	21.0%
Financial Institutions	932,816	2,784,490 ***		1,851,674	198.5%
Insurance Companies	36,363,622	28,914,380 ***		(7,449,242)	-20.5%
Bank Deposits	602,236	726,292		124,056	20.6%
Health Care Provider Assessment	35,889,106	35,598,996		(290,110)	-0.8%
<b>Excise Taxes</b>					
Sales and Use	626,043,233	622,516,688		(3,526,545)	-0.6%
Motor Vehicle	32,345,264	30,066,978		(2,278,286)	-7.0%
Motor Fuel	633,537	659,864		26,327	4.2%
Cigarettes	89,619,550	90,506,085		886,535	1.0%
Alcohol	8,128,788	7,826,572		(302,216)	-3.7%
Controlled Substances	-	-		-	-
<b>Other Taxes</b>					
Inheritance and Gift	20,697,492	20,606,074		(91,418)	-0.4%
Racing and Athletics	1,873,657	1,813,611		(60,046)	-3.2%
Realty Transfer	5,962,847	5,827,759		(135,088)	-2.3%
<b>Total Taxes</b>	<b>\$ 1,646,646,379</b>	<b>\$ 1,659,304,185</b>		<b>12,657,806</b>	<b>0.8%</b>
<b>Total Departmental Receipts</b>	<b>\$ 217,153,956 *</b>	<b>\$ 199,244,064</b>		<b>(17,909,892)</b>	<b>-8.2%</b>
<b>Taxes and Departmentals</b>	<b>\$ 1,863,800,335</b>	<b>\$ 1,858,548,249</b>		<b>(5,252,086)</b>	<b>-0.3%</b>
<b>Other General Revenue Sources</b>					
Gas Tax Transfer	3,376,384	3,338,334		(38,050)	-1.1%
Other Miscellaneous Revenues	9,464,770	9,464,770 **		-	0.0%
Lottery Transfer	226,137,250	220,957,105		(5,180,145)	-2.3%
Unclaimed Property	-	-		-	-
<b>Total Other Sources</b>	<b>\$ 238,978,405</b>	<b>\$ 233,760,209</b>		<b>(5,218,196)</b>	<b>-2.2%</b>
<b>Total General Revenues</b>	<b>\$ 2,102,778,739</b>	<b>\$ 2,092,308,458</b>		<b>(10,470,282)</b>	<b>-0.5%</b>

\* Added \$70.3 million for hospital licensing fee

\*\* Set equal to actual/enacted due to skewed spreads/transfer made in June

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 127,857,324	\$ 117,145,876	\$ (10,711,449)	-8.4%
Finals	48,597,033	78,730,325 ***	30,133,292	62.0%
Withholding	683,924,688	679,628,660	(4,296,028)	-0.6%
Refunds	(187,302,505)	(193,346,539)	(6,044,034)	3.2%
<b>Total</b>	<b>\$ 673,076,541</b>	<b>\$ 682,158,322</b>	<b>\$ 9,081,781</b>	<b>1.3%</b>

\*\*\* Historic Structure Tax Credit receivables of \$38.6 million for Personal Income tax, \$357,961 for business corporations tax, \$3.0 million for Financial Institutions, and \$3.4 million for Insurance Companies tax are added for comparability to revised estimate.